# Federal Open Market Committee (FOMC) Meeting Results:

## Date: December 18-19, 2018

***Fed hikes rates for 4th time this year***

***Fed funds range now at 2.25-2.50%***

***Meeting Location: Marriner S. Eccles Federal Reserve Board Building, Washington DC***

**Economic Highlights:** ***This section of the FOMC release is similar to the November 8, 2018 statement with labor markets remaining strong and the unemployment rate low; economic activity rising, at a strong rate; household spending continues to increase, but business fixed investment has slowed from its strong growth earlier in the year. The rate of inflation is near the 2.0% goal; and longer-term inflation expectations are relatively stable.***

- **“Information received since the Federal Open Market Committee met in November indicates that the labor market has continued to strengthen and that economic activity has been rising at a strong rate.**

- **Job gains have been strong, on average, in recent months, and the unemployment rate has remained low.**

- **Household spending has continued to grow strongly, while growth of business fixed investment has moderated from its rapid pace earlier in the year.**

- **On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.**

## Announcements: *Fed funds rate increased to a higher range of 2.25-2.50%. Fed claims monetary policy is in line with the effort to keep labor market strong and keep inflation near the 2.0% goal. Fed also raised rate it pays banks on reserve balances.*

- **"Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective over the medium term.**

- **The Committee judges that risks to the economic outlook are roughly balanced but will continue to monitor global economic and financial developments and assess their implications for the economic outlook.**

- **In In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to 2-1/4 to 2-1/2 percent.**

- **The Board of Governors of the Federal Reserve System voted unanimously to raise the interest rate paid on required and excess reserve balances to 2.40 percent, effective December 20, 2018.**

- **Setting the interest rate paid on required and excess reserve balances 10 basis points below the top of the target range for the federal funds rate is intended to foster trading in the federal funds market at rates well within the FOMC's target range."**

**Forward Guidance:** ***The Fed indicated that future rate hikes will depend on economic conditions such as labor market changes, indicators of inflation pressures and any changes in inflation expectations, as well as any new financial and international developments.***

- **"In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective.**

- **This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments.**

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**Voting Results*****: No dissenting vote at this meeting.***

**Voting for the FOMC monetary policy action were: Jerome H. Powell, Chairman; John C. Williams, Vice Chairman; Thomas I. Barkin; Raphael W. Bostic; Michelle W. Bowman; Lael Brainard; Richard H. Clarida; Mary C. Daly; Loretta J. Mester; and Randal K. Quarles.**

**Next Meeting: January 29-30, 2019**